THE HON'BLE SRI JUSTICE L.NARASIMHA REDDY

WRIT PETITION No.8056 of 2007

Date: 19.04.2007

Between:

Bharadwaja Industries and another.

....Petitioners

And

The Central Power Distribution Company of Andhra Pradesh Limited and others.

.Respondents

THE HON'BLE SRI JUSTICE L.NARASIMHA REDDY

WRIT PETITION No.8056 of 2007

O R D E R:

The first petitioner purchased a sick unit, by name M/s Swathi Coats Private Limited, in an auction conducted by the A.P.State Financial Corporation, for recovery of arrears. The sale was confirmed in its favour on 16.07.2004. Thereafter, the premises were leased out to the second petitioner by the first petitioner. The former applied for power connection under L.T. Category-III-B. While processing the application, the respondents pointed out that the previous owner of the property i.e., M/s. Swathi Coats Private Limited is due an amount of Rs.4,68,693/- under various heads and that the power connection will be released in favour of the second petitioner, only on payment of the said amount. Subsequently, the second respondent addressed a letter, dated 07.04.2007 informing the first petitioner that a sum of Rs.14,87,592/- is due from M/s. Swathi Coats Private Limited and that the said amount must be paid within fifteen (15) days, to avoid further legal proceedings.

Petitioners challenge the said letter and the action of the respondents, in insisting on payment of the amounts remained unpaid by the previous owner of the property.

Heard the learned counsel for the petitioners and the learned Standing Counsel for the respondents.

The petitioners came into picture vis-à-vis the property, only after it was purchased by the first petitioner in 2004. The respondents are demanding the petitioners to clear the arrears of the electricity consumption and other related charges left unpaid by the pervious owner of the property. They have not only refused to release the power supply to the petitioners, on this ground, but have also threatened with legal action, for recovery of the amount.

The question as to whether a purchaser of property in an auction conducted by the State Financial Corporation is liable to pay the arrears of electricity consumption and related charges, which remained unpaid by the previous owner of the property is no longer *res integra*. I n ***Isha Marbles vs. Bihar State Electricity Board***[1], the Hon'ble Supreme Court held that a subsequent purchaser cannot be held liable to clear the arrears referable to the previous owner. This Judgment was followed and re-affirmed in ***Ahmedabad Electricity Co. Ltd vs. Gujarat Inns Pvt. Ltd***[2].

Following the same, the Writ Petition is allowed and the impugned letter is set aside. Respondents are directed to process the application of the petitioners for extension of power supply, without insisting on payment of arrears referable to the previous owner of the property. There shall be no order as to costs.

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[1] (1995) 2 SUPREME COURT CASES 648

[2] AIR 2004 SUPREME COURT 2171